

**Senate Bill No. 1512**

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Passed the Senate      April 2, 1998

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*Secretary of the Senate*

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Passed the Assembly      June 22, 1998

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_ day  
of \_\_\_\_\_, 1998, at \_\_\_\_ o'clock \_\_M.

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*Private Secretary of the Governor*

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## CHAPTER \_\_\_\_

An act to amend Section 22250 of, and to add Section 22320.5 to, the Financial Code, relating to finance lenders.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1512, Maddy. Finance lenders: delinquency fees.

Existing law, known as the California Finance Lenders Law, provides for the licensure and regulation of persons engaged in the business of making consumer loans or commercial loans, and governs the terms, including those relating to charges and fees, that may be included in those loans.

This bill would, with respect to loans of under \$5,000, except for precomputed loans, authorize a licensee to contract for and receive a delinquency fee, as specified, for defaults in loan payments, subject to certain limitations on the amount of the fees and the period of default.

*The people of the State of California do enact as follows:*

SECTION 1. Section 22250 of the Financial Code is amended to read:

22250. (a) The following sections do not apply to any loan of a bona fide principal amount of ten thousand dollars (\$10,000) or more, or to a duly licensed finance lender in connection with any such loan or loans, if the provisions of this section are not used for the purpose of evading this division: Sections 22154, 22155, 22307, 22313, 22314, 22315, and 22752, and the sections enumerated in subdivision (b).

(b) The following sections do not apply to any loan of a bona fide principal amount of five thousand dollars (\$5,000) or more, or to a duly licensed finance lender in connection with any such loan or loans, if the provisions of this section are not used for the purpose of evading this division: Sections 22201, 22202, 22300, 22305, and 22306, subdivision (a) of Section 22307, and Sections 22309,



22320.5, 22322, 22323, 22325, 22326, 22327, 22334, 22400, and 22751.

SEC. 2. Section 22320.5 is added to the Financial Code, to read:

22320.5. (a) A licensee may contract for and receive a delinquency fee not in excess of one of the following amounts:

(1) For a period in default of not less than 10 days, an amount not in excess of ten dollars (\$10).

(2) For a period in default of not less than 15 days, an amount not in excess of fifteen dollars (\$15).

(b) The delinquency fee may not be collected more than once for the same default and may be collected at the time of the default or at any time thereafter. If the delinquency fee is deducted from any payment received after default occurs, and the deduction results in the default of a subsequent installment, no fee may be collected for the resulting default. The delinquency fee under this section is not included in charges defined in this division or in determining applicable maximum charges that may be made under this article.

(c) For open-end loans made under Article 5 (commencing with Section 22450), a licensee shall not collect or receive the delinquency fee set forth in subdivision (a) unless there is a minimum of 20 days, inclusive, between the monthly billing date and the date upon which the minimum payment is due, exclusive of the applicable grace period provided in subdivision (a).

(d) This section shall not apply to precomputed loans as described in Section 22400.

Approved \_\_\_\_\_, 1998

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*Governor*

